

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS  
COUNTY DEPARTMENT, CHANCERY DIVISION

IN THE MATTER OF THE REHABILITATION OF )  
CENTAUR INSURANCE COMPANY ) No. 87 CH 8615

**ORDER APPROVING CLAIM FILING PROCEDURES**

This cause coming to be heard upon the Petition of Nathaniel S. Shapo, Director of Insurance of the State of Illinois ("Rehabilitator" or "Director"), in his capacity as Rehabilitator of Centaur Insurance Company ("Centaur") to Approve Claim Filing Procedures for Centaur, due notice having been given, and the Court fully advised in the premises:

**THIS COURT FINDS:**

1. That on November 30, 2000, this Court entered and approved the Second Revised Plan of Rehabilitation for Centaur, pursuant to Section 192 of the Illinois Insurance Code ("the Code"), 215 ILCS 5/192.
2. That the Rehabilitator has determined that a number of persons, companies and entities have, claim to have, or may have, claims against Centaur, its property or assets, or against its insureds or policyholders.
3. That the Rehabilitator has further determined that, in order to effectively and promptly administer the affairs and assets of Centaur and to protect the interests of its policyholders, creditors and stockholders, and the public, it is necessary that this order be entered pursuant to Sections 192, 208, and 209 of the Code, 215 ILCS 5/192, 5/208, and 5/209, establishing a procedure for the filing of proofs of claim against the assets of Centaur in order that such claims, if meritorious, may share in any distribution of estate assets; setting a deadline

for the filing of such proofs of claim; and fixing the last date by which evidence supporting the liquidation of timely filed contingent claims may be received by the Rehabilitator.

**IT IS HEREBY ORDERED:**

A. That the rights and liabilities of Centaur and of its creditors, policyholders, stockholders, and all other persons interested in its assets, except persons entitled to file contingent claims, shall be fixed as of the date of entry of this Court's Order Approving Second Revised Plan of Rehabilitation for Centaur. The rights and liabilities of persons entitled to file contingent claims against Centaur shall be governed by Section 209 of the Code, 215 ILCS 5/209.

B. That all persons who may have claims against Centaur must file a proof of claim with the Rehabilitator no later than March 30, 2001, with this requirement applying to all persons who may have claims against Centaur, regardless of whether such persons have previously noticed claims to Centaur or the Rehabilitator; however, notwithstanding this provision, claims previously fixed or settled as to amount by the Rehabilitator remain fixed or settled in such manner for purposes of any future distribution of assets, and claimants having claims previously fixed or settled as to amount by the Rehabilitator need not file a proof of claim respecting such claims.

C. That the Rehabilitator is hereby directed to notify all persons, companies and entities, as hereinafter set forth in Paragraphs D and E, which Centaur's books and records reveal have, or may have, claims against Centaur, its property or assets, or against a Centaur insured or policyholder, that all such claims must be presented to and filed with the Rehabilitator in the form of a proper proof of claim as hereinafter set forth, on or before March 30, 2001, at

4:30 p.m. (C.S.T.). Said notice by the Rehabilitator shall specify March 30, 2001 at 4:30 p.m. (C.S.T.) to be the last day by which any such proof of claim may be received by the Rehabilitator for the purposes of participating in any distribution of assets that may be made on timely filed claims which are allowed in these proceedings. In accordance with § 3.03 of the Second Revised Plan of Rehabilitation for Centaur, this Court approves the form of notice set forth in ¶¶ D and E below.

D. That a notice of the claims filing procedures and claim filing deadlines shall be served upon those persons, companies, and entities which Centaur's books and records reveal have, or may have, claims against Centaur, its property or assets, or against a Centaur insured or policyholder, by the Rehabilitator depositing a copy of said notice, which sets forth the procedure for obtaining a proof of claim form, in the United States Mail, enclosed in an envelope, with first class postage prepaid, addressed to each such person, company or entity, at his, her, or its last known address as disclosed by Centaur's books and records. If a notice provided in such manner is returned to the Rehabilitator undelivered by the United States Postal Service, the Rehabilitator shall take reasonable steps to locate the current address for the intended recipient of such notice.

E. That the Rehabilitator is hereby directed to provide notice by publication to all persons, companies or entities who have, or may have, claims against Centaur, its property or assets, or against its insureds or policyholders, by causing a notice to be published at least once each week for three consecutive weeks in a newspaper in general circulation published in the County of Cook, State of Illinois, and in such other newspaper(s) and/or publications as he may deem advisable. That the notice so published shall: (a) advise all such persons, companies and entities of their right to present their claim or claims against Centaur, its property or assets,

or against a Centaur insured or policyholder, to the Rehabilitator; (b) advise all such persons, companies and entities of the procedure by which they may present their claims to the Rehabilitator; (c) advise all such persons, companies and entities of the location of the Rehabilitator's office where they may present their claims; and (d) specify the last date by which proofs of claims may be received by the Rehabilitator for purposes of participating in any distribution of assets that may be made on timely filed claims allowed in these proceedings.

F. That all persons, companies or entities having, or claiming to have, any accounts, debts, claims or demands against Centaur, its property or assets, or against a Centaur insured or policyholder, are hereby directed to present its claims to the Rehabilitator at his office as designated in the above described notice, on or before the claim filing deadline set forth in Paragraph B above, by way of a properly completed proof of claim. Further, that a proper proof of claim must consist of a statement, under oath, in writing, signed by the Claimant, setting forth a specific claim, the consideration therefore, and whether any, and if so what, payments have been made thereon, and that the sum so claimed is justly owing from Centaur to the claimant; and, furthermore, that whenever a claim is founded upon an instrument in writing, such instrument, unless lost or destroyed, shall be filed with the proof of claim and, if such instrument is lost or destroyed, a statement of such fact and the circumstances of such loss or destruction shall be filed under oath with the claim.

G. That, pursuant to Section 209(4) of the Code, 215 ILCS 5/209(4), any insured under an insurance policy issued by Centaur shall have the right to present the Rehabilitator with a proof of claim setting forth a contingent claim, subject to the claim filing deadline set forth in Paragraph B above. Further, that the final date by which evidence supporting the liquidation of any such contingent claim may be received by the Rehabilitator

shall be October 1, 2001 at 4:30 p.m. (C.D.T.); and that no such contingent claim shall be allowed for purposes of participating in any distribution of estate assets that may be made at the fourth priority level [215 ILCS 5/205(1)(d)] unless such claim has been liquidated and the insured claimant has presented evidence of payment of such claim to the Rehabilitator on or before October 1, 2001 at 4:30 p.m. (C.D.T.). Furthermore, that any contingent claim for which a proof of claim was received by the claim filing deadline set forth in Paragraph B above, but which is not liquidated by October 1, 2001, may be estimated pursuant to Section 209(4)(b) of the Code, 215 ILCS 5/209(4)(b), for the purposes of participating in any distribution of estate assets that may be made at the fifth priority level [215 ILCS 5/205(1)(e)], unless this Court has issued an order pursuant to 215 ILCS 5/209(12) relieving the Rehabilitator of his responsibility to review the unliquidated contingent claims based upon the Rehabilitator's report to the Court that the assets of the estate will not be sufficient to pay claims at the fifth priority level [215 ILCS 5/205(1)(e)].

H. That, pursuant to Section 209(5) of the Code, 215 ILCS 5/209(5), which provides that the obligation of Centaur, if any, to defend or continue the defense of any claim or suit under a liability policy was terminated upon the entry of the Second Revised Plan of Rehabilitation, an insured of Centaur may include in their contingent claims reasonable attorneys' fees for services rendered subsequent to the entry of the Second Revised Plan of Rehabilitation in the defense of claims or suits covered by the insured's liability insurance policy, provided that all such attorneys' fees have actually been paid by the insured and evidence of such payment has been presented in the manner required for the liquidation of an insured's contingent claim as set forth in Paragraph G above.

I. That any person, company or entity having a cause of action against a Centaur insured under an insurance policy issued by Centaur, whose claim was a contingent claim as of the entry of the Second Revised Plan of Rehabilitation, may file its claim as set forth in Paragraph G above, and such claim may be allowed: (a) if it may be reasonably inferred from the proof presented upon the claim that the claimant would be able to obtain a judgment upon the cause of action against such insured; (b) if such person, company or entity has furnished suitable proof, unless this Court for good cause shown shall otherwise direct, that no further valid claims against Centaur arising out of the cause of action other than those already presented can be made; and (c) if the total liability of Centaur to all claimants arising out of the same act shall be no greater than its total liability would be were it not in rehabilitation.

J. That, subject to the provisions for the late filing of claims contained in Section 208(2) and 208(3) of the Code, 215 ILCS 5/208(2)-(3), no person having or claiming to have any claim or claims against Centaur shall participate in any distribution of the assets of Centaur unless such claims are filed or presented in accordance with and within the time limits established by this Order.

K. That the Rehabilitator is hereby directed, pursuant to Section 209 of the Code, 215 ILCS 5/209, and subject to the further order of this Court, to examine and investigate any and all properly filed proofs of claim and to submit his recommendations as to the allowance or disallowance, in whole or in part, of each such claim to this Court, unless it is reported to the Court that the assets of the estate will not be sufficient to pay claims at a certain level of priority under 215 ILCS 5/205, and this Court therefore exempts the Rehabilitator pursuant to 215 ILCS 5/209(12) from evaluation or adjudication of any claims at the designated level of priority. Further, that upon the filing of such report on claims recommendations pursuant to 215 ILCS

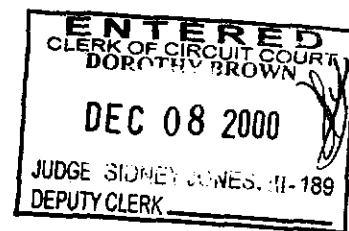
5/209(13), and any hearing on any objections thereto, this Court shall thereupon take further action as justice may require.

L. That the Rehabilitator shall not pay the claims of any creditors, policyholders, insureds or other claimants of Centaur required to file proofs of claim until the deadlines for the timely presentment of proofs of claim to the Rehabilitator and the submission of evidence for the liquidation of insureds' contingent claims have both passed, and the Rehabilitator has estimated all unliquidated contingent claims, or this Court has entered an order pursuant to 215 ILCS 5/209(12) as set forth in Paragraph K herein, and all such claims have been allowed or disallowed, in whole or in part, by order of this Court, unless payment of such claims has previously been or is hereafter authorized and approved by this Court.

ENTERED:

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Judge Presiding



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